

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:982
ANSWERED ON:29.07.2005
VAT
Angadi Shri Suresh Chanabasappa

Will the Minister of FINANCE be pleased to state:

- (a) whether the Central Government propose to create a separate account under the head "Special Grant-in-Aid" to compensate States for any revenue loss after implementing VAT;
- (b) if so, the details thereof;
- (c) Whether some States have reported fall in their revenue collection after implementation of VAT; and
- (d) if so, the details thereof, State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PLANIMANICKAM)

(a) to (b): A provision of Rs. 5000 crore has been made under Major Head 3601 – Grant –in-aid to States, under Demand No. 42 of the Department of Revenue, Ministry of Finance, in the Budget Estimate 2005-06, for providing Central Compensation to the States, for revenue loss (in any), on account of introduction of VAT.

(c) & (d): As per the information furnished by the State Governments for the first quarter of the current financial year 2005-06, only the State of Bihar has incurred revenue loss, in absolute terms, compared to corresponding period of last year.